



Sprott Focused U.S. Dividend Class

Sprott Corporate Class Inc.

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2017

The interim management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the Sprott Focused U.S. Dividend Class (the “Fund”) is to provide consistent income and capital appreciation by investing primarily in a diversified portfolio of dividend yielding U.S. equities.

To achieve the Fund’s investment objective, the Portfolio Advisor follows a fundamental, bottom-up approach to investing. The Fund will invest in dividend yielding U.S. equities, foreign securities, and other mutual funds and may also:

- invest in private placements, and indirectly in physical commodities other than gold through investments in commodity ETFs;
- engage in securities lending and repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income;
- engage in short selling in a manner which is consistent with the investment objective of the Fund; and
- use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies.

Risk

The risks of investing in the Fund are described in the Fund’s simplified prospectus. The Fund is suitable for those investors seeking the consistent income and capital appreciation potential of dividend yielding U.S. equities. The Fund is suitable for investors with a medium tolerance for risk and volatility and a medium to long-term investment horizon.

Results of Operations and Recent Developments

The Fund returned 4.8% during the first six months of 2017, compared to a 5.6% return for the S&P 500 Total Return Index benchmark (in Canadian dollars).

Over the period, the flattening of the yield curve supported equity valuations. The two U.S. Federal Reserve Board interest rate increases, up from one increase in each of 2016 and 2015, established an acceleration in the normalization of U.S. monetary policy. The U.S. administration was unable to repeal and replace the Affordable Health Care Act, and then delayed its work on tax reform and deregulation. This inability to enact new policy somewhat increased investor unease in U.S. equity markets.

The Fund’s underweight allocations to the energy and materials sectors contributed to performance.

Significant individual contributors included Alphabet Inc. and Visa Inc., both of which recovered strongly from 2016. Alphabet contributed 69 basis points (“bps”) to performance as it continued to benefit from its Google business, as paid clicks rose and traffic acquisition costs appeared to plateau on a percentage basis. Visa Inc. (63 bps) benefited from recent card issuer successes (such as JPMorgan Chase & Co. and USAA) and the integration of Visa Europe.

The Manager purchased some Canadian energy equities in January, but quickly sold them when the oil price fell and energy equities declined. Although they were small positions, the speed of the decline meant they were significant detractors, collectively, from the Fund’s performance. Spartan Energy Corp. and Canyon Services Group Inc. were the most significant individual detractors (-24 bps and -26 bps, respectively).

After a strong run, the Manager reduced the Fund’s exposure to the financials sector, through outright sales and by trimming some positions. This lower allocation to the financials sector detracted from performance, as did the decision to increase the Fund’s cash position.

The Fund’s net asset value decreased by 2.4% during the period, from \$13.2 million as at December 31, 2016 to \$12.9 million as at June 30, 2017. This change was predominantly due to net share redemption of \$0.8 million, offset by \$516 thousand of change in unrealized appreciation of investments. The management expense ratio decreased compared to the prior period.

Sprott Focused U.S. Dividend Class

June 30, 2017

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of up to 2.00% for Series A, 1.95% for Series A1, 1.00% for Series F, 1.80% for Series P, 0.80% for Series PF, 1.70% for Series Q, 0.70% for Series QF, and is negotiated by the shareholders for Series I. The management fee is calculated and accrued daily based on the daily net asset value of the applicable series of the Fund, and is paid monthly. For the six-month period ended June 30, 2017, the Fund incurred management fees of \$111,293 (including taxes). For the active series, the breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Focused U.S. Dividend Class – Series A	50%	50%
Sprott Focused U.S. Dividend Class – Series A1	36%	64%
Sprott Focused U.S. Dividend Class – Series F	86%	14%
Sprott Focused U.S. Dividend Class – Series F1	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$4,007 during the six-month period ended June 30, 2017, to Sprott Private Wealth LP, an affiliate of the Manager.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. For the six-month period ended June 30, 2017, the Manager absorbed \$51,275 of expenses.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

Sprott Focused U.S. Dividend Class

June 30, 2017

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance the six-month period ended June 30, 2017 and the years shown.

The Fund's Net Assets per Share¹

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015 ⁴
	\$	\$	\$
Series A			
Net assets, beginning of period	10.00	9.96	10.00
Increase (decrease) from operations:			
Total revenue	0.08	0.16	0.01
Total expenses	(0.13)	(0.27)	(0.03)
Realized gains (losses) for the period	0.16	(0.40)	(0.04)
Unrealized gains (losses) for the period	0.33	1.24	0.07
Total increase (decrease) from operations²	0.44	0.73	0.01
Distributions:			
Return of capital	0.18	0.35	0.03
Total annual distributions³	0.18	0.35	0.03
Net assets, end of period	10.31	10.00	9.96

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015 ⁴
	\$	\$	\$
Series A1			
Net assets, beginning of period	10.00	9.96	10.00
Increase (decrease) from operations:			
Total revenue	0.07	0.16	0.01
Total expenses	(0.13)	(0.26)	(0.03)
Realized gains (losses) for the period	0.14	(0.08)	(0.03)
Unrealized gains (losses) for the period	0.41	0.92	0.17
Total increase (decrease) from operations²	0.49	0.74	0.12
Distributions:			
Return of capital	0.18	0.35	0.03
Total annual distributions³	0.18	0.35	0.03
Net assets, end of period	10.31	10.00	9.96

Sprott Focused U.S. Dividend Class

June 30, 2017

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015 ⁴
	\$	\$	\$
Series F			
Net assets, beginning of period	10.12	9.97	10.00
Increase (decrease) from operations:			
Total revenue	0.08	0.16	0.01
Total expenses	(0.07)	(0.14)	(0.02)
Realized gains (losses) for the period	0.13	0.53	(0.04)
Unrealized gains (losses) for the period	0.42	(0.13)	0.07
Total increase (decrease) from operations²	0.56	0.42	0.02
Distributions:			
Return of capital	0.18	0.35	0.03
Total annual distributions³	0.18	0.35	0.03
Net assets, end of period	10.49	10.12	9.97

	Jun 30, 2017	Dec 31, 2016 ⁵
	\$	\$
Series F1		
Net assets, beginning of period	10.35	10.00
Increase (decrease) from operations:		
Total revenue	0.07	0.12
Total expenses	(0.06)	(0.12)
Realized gains (losses) for the period	0.14	(0.69)
Unrealized gains (losses) for the period	0.44	1.48
Total increase (decrease) from operations²	0.59	0.79
Distributions:		
Return of capital	0.18	0.28
Total annual distributions³	0.18	0.28
Net assets, end of period	10.74	10.35

1 This information is derived from the Fund's interim and audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Distributions were reinvested in additional shares of the Fund or distributed in cash.

4 Information provided is for the period November 26, 2015 (launch date) for Series A, A1, and F to December 31, 2015.

5 Information provided is for the period from March 14, 2016 (first issuance) to December 31, 2016 for Series F1.

Sprott Focused U.S. Dividend Class

June 30, 2017

Ratios and Supplemental Data

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015
Series A			
Total net asset value (000s) ¹	\$1,927	\$1,138	\$360
Number of shares outstanding ¹	186,972	113,837	36,088
Management expense ratio ²	2.24%	2.38%	2.33%
Management expense ratio before waivers or absorptions ³	3.02%	3.06%	7.00%
Trading expense ratio ⁴	0.22%	0.32%	0.70%
Portfolio turnover rate ⁵	53.21%	145.33%	7.66%
Net asset value per share ¹	\$10.31	\$10.00	\$9.96
Series A1			
Total net asset value (000s) ¹	\$4,965	\$5,489	\$1,144
Number of shares outstanding ¹	481,446	548,679	114,846
Management expense ratio ²	2.20%	2.27%	2.22%
Management expense ratio before waivers or absorptions ³	2.97%	3.20%	6.74%
Trading expense ratio ⁴	0.22%	0.32%	0.70%
Portfolio turnover rate ⁵	53.21%	145.33%	7.66%
Net asset value per share ¹	\$10.31	\$10.00	\$9.96
Series F			
Total net asset value (000s) ¹	\$3,838	\$3,986	\$5,645
Number of shares outstanding ¹	365,846	393,829	566,008
Management expense ratio ²	1.14%	1.21%	1.13%
Management expense ratio before waivers or absorptions ³	1.90%	2.53%	5.73%
Trading expense ratio ⁴	0.22%	0.32%	0.70%
Portfolio turnover rate ⁵	53.21%	145.33%	7.66%
Net asset value per share ¹	\$10.49	\$10.12	\$9.97
Series F1			
Total net asset value (000s) ¹	\$2,167	\$2,598	
Number of shares outstanding ¹	201,828	250,944	
Management expense ratio ²	1.04%	1.25%	
Management expense ratio before waivers or absorptions ³	1.82%	1.57%	
Trading expense ratio ⁴	0.22%	0.32%	
Portfolio turnover rate ⁵	53.21%	145.33%	
Net asset value per share ¹	\$10.74	\$10.35	

1 The information is provided as at June 30, 2017 and December 31 of the years shown prior to 2017.

2 Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

3 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

4 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

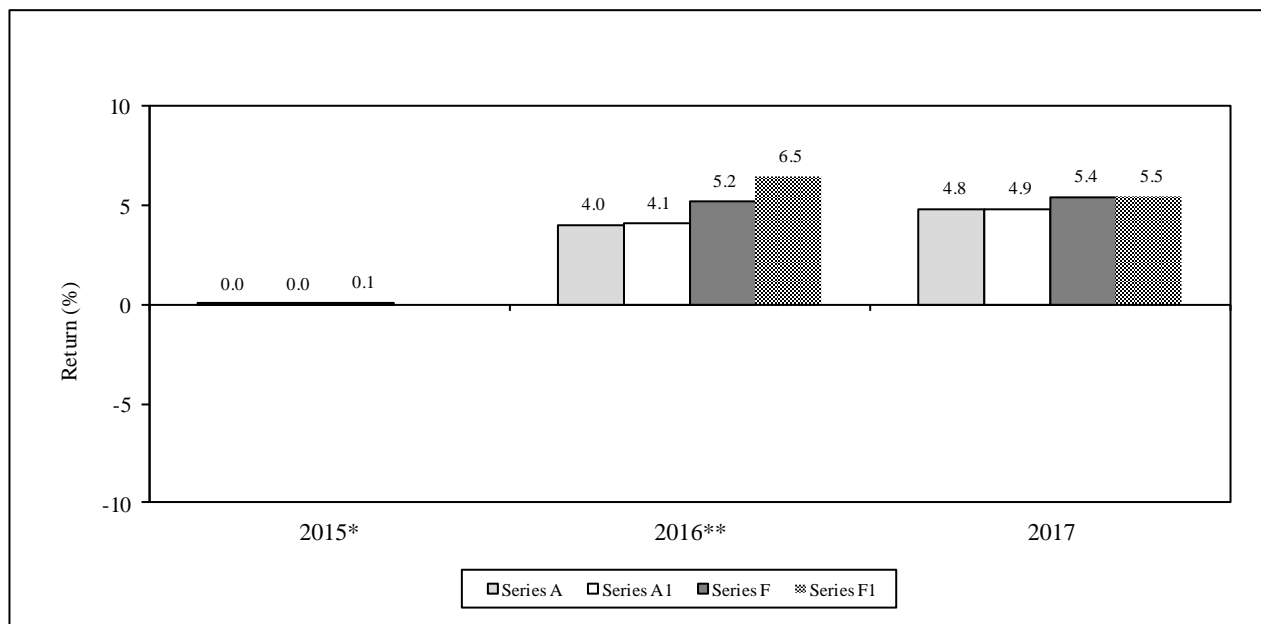
5 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover is expressed as a non-annualized percentage.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the six-month period ended June 30, 2017 and each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



* Return from the period November 26, 2015 for Series A, A1, and F (not annualized).

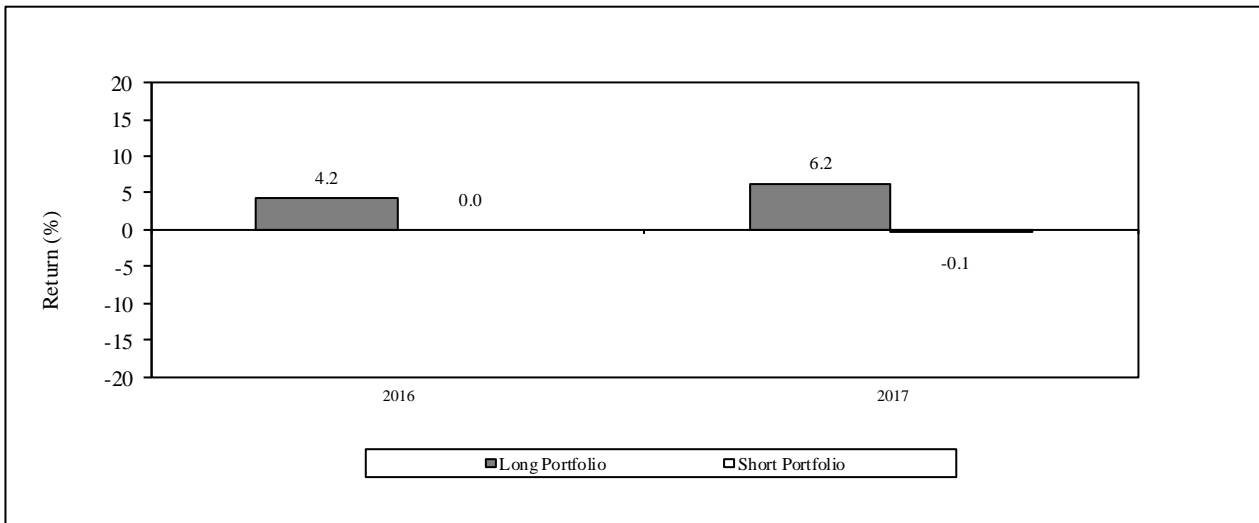
** Return from the period March 14, 2016 to December 31, 2016 for Series F1 (not annualized).

Sprott Focused U.S. Dividend Class

June 30, 2017

Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund (before the impact of Fund expenses) by the long portfolio and the short portfolio of the Fund for the six-month period ended June 30, 2017 and the previous twelve-month periods ended December 31 shown, unless otherwise noted. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



Sprott Focused U.S. Dividend Class

June 30, 2017

Summary of Investment Portfolio

As at June 30, 2017

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Industrials	25.1
Financials	17.3
Information Technology	13.9
Health Care	12.8
Consumer Discretionary	10.3
Real Estate	3.5
<u>Total Long Positions</u>	<u>82.8</u>
Cash	17.5
Other Net Liabilities	(0.3)
<u>Total Net Asset Value</u>	<u>100.0</u>

All Long Positions

Issuer	% of Net Asset Value
Cash	17.5
UnitedHealth Group Inc.	5.2
Allergan PLC	4.9
Macquarie Infrastructure Corp.	4.2
Comcast Corp.	4.2
Brookfield Asset Management Inc.	3.9
Canadian Pacific Railway Ltd.	3.8
JPMorgan Chase and Co.	3.8
Visa Inc.	3.7
Intercontinental Exchange Inc.	3.7
FedEx Corp.	3.6
Western Digital Corp.	3.5
Raytheon Co.	3.5
Mastercard Inc.	3.5
American Tower Corp.	3.5
Waste Connections Inc.	3.5
Berkshire Hathaway Inc.	3.4
Xylem Inc.	3.4
BBA Aviation PLC	3.1
Alphabet Inc.	3.1
The Home Depot Inc.	3.1
The Walt Disney Company	3.0
Medtronic PLC	2.7
Affiliated Managers Group Inc.	2.5
<u>All long positions as a percentage of net asset value</u>	<u>100.3</u>

The Fund held no short positions as at June 30, 2017.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Partnership. Quarterly updates of the Partnership's investment portfolio are available on the Internet at www.sprott.com.

Corporate Information

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